

HB 174 Education Voucher / Fiscal Impact Analysis

FY 2008		
How large is the base population?		
Projected K-12 enrollment	540,189	= Common Data Committee (GOPB, LFA, USOE)
Reported in home schools	8,540	= Year End 2006 Survey (of districts by USOE)
Total eligible base	548,729	
By how much will a voucher reduce private school tuition?		
Average private school tuition price	\$6,638	= 79.7% of national average tuition (\$6779) in 2000 from NCES Digest, 2005, Table 59) adjusted for inflation (Retail Price using BLS & CBO)
Average amount of voucher	\$2,008	= assuming voucher participants are demographically similar to taxpayers (see Average Voucher Amount tab)
Reduction	30.2%	= voucher / tuition
How will the reduction affect the enrollment decision?		
Price elasticity of demand for private schooling	48.0%	= "most commonly cited figure" (National Center for Study of Privatization in Education, 1991, Occasional Paper #33, p.5)
Switch rate	14.5%	= reduction * elasticity
How many eligible students will there be?		
Private total base enrollment	16,386	= Fall 2006 Survey (of private schools by USOE)
Switching to private because of voucher (lines 98-99)	2,379	= switch rate * private school enrollment in absence of voucher (assuming infinite elasticity of supply)
Private already at or below poverty (lines 101-103)	1,721	= 10.5% of K-12 private base enrollment (Census estimate of school age poverty in Utah in 2004 used to allocate Title I)
Private never resident immigrants (line 100)	180	= 1.1% of K-12 private base enrollment (GOPB net immigration rate for Utah from 2005 to 2006)
Estimated 1-12 voucher participants subtotal	4,280	
Estimated K voucher participants (line 97)	1,196	= 7.3% of total private enrollment (ratio of K to private K-12 in Fall 2005)
How many voucher dollars are required to ensure full funding?	\$9,914,485	= (K participants * voucher * 55%) + (Gr. 1-12 participants * voucher)
FY 2009		
How large is the base population?		
Projected K-12 enrollment	553,428	
Reported in home schools	8,540	
Total eligible base	561,968	
By how much will a voucher reduce private school tuition?		
Average private school tuition price	\$6,784	
Average amount of voucher	\$2,008	
Reduction	29.6%	
How will the reduction affect the enrollment decision?		
Price elasticity of demand for private schooling	48.0%	
Switch rate	14.2%	
How many eligible students will there be?		
Private total base enrollment	16,769	= 3.03% of total eligible base (approximate ratio of private to public school enrollment in Fall 2006)
Switching to private because of voucher	3	= [switch rate * private school enrollment in absence of voucher (assuming infinite elasticity of supply)] - prior year switchers
Private never resident immigrants	184	
Prior year Grade 1-11 voucher participants	3,822	= prior year Grade 1-12 participants - 10.7% (ratio of grade 12 to grades 1-12 in Fall 2005 to simulate loss due to graduation)
Prior year K participants now in 1st grade	1,093	= 91.4% of PY Kindergarten enrollment (ratio of grade 1 to K in Fall 2005)
Estimated 1-12 voucher participants subtotal	5,103	
Estimated new K voucher participants	1,224	
How many voucher dollars are required to ensure full funding?	\$11,597,852	